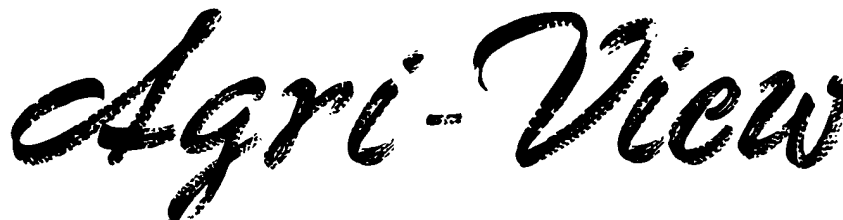


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MINNESOTA NET FARM INCOME UP 56 PERCENT IN 2004

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SUMMARY: Net farm income received by Minnesota farmers in 2004 was up 56 percent from 2003. Farm expenses for Feed and Employee Compensation were up 6 percent and 11 percent respectively, while Pesticides were down 2 percent from 2003 to 2004. Livestock and Poultry purchases increased 7 percent and Repair and Maintenance of capital items increased 24 percent from 2003.

TOTAL GROSS INCOME: Total gross income for Minnesota farms amounted to \$9.79 billion, 11 percent above the revised 2003 level of \$8.81 billion.

CASH RECEIPTS: The total value of crops sold, at \$4.86 billion, increased 3 percent from 2003. Corn, the state's largest crop in terms of cash receipts, increased 13 percent. Soybeans decreased 7 percent, while all wheat registered a 22 percent increase in cash receipts. Cash receipts from total livestock marketings, at \$4.93 billion, increased 21 percent from 2003. This increase was led by a 36 percent increase in hogs. Dairy cash receipts increased 28 percent. Sheep and lamb cash receipts increased 1 percent during 2004. A 21 percent increase was recorded for turkeys.

GOVERNMENT PAYMENTS: Government payments to Minnesota farmers in 2004 were down 11 percent from 2003. Payments totaled \$704.5 million.

FARM ASSETS: Total Farm Assets for 2003, were 56.6 million dollars, up 10 percent from 51.6 million dollars in 2002. Real Estate assets were up 12 percent from 38.0 million dollars in 2002. Assets for Machinery and Motor Vehicles rose 3 percent from 2002 to 2003.

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FARM INCOME AND EXPENSES: Minnesota, 2000-2004

Item	2000	2001	2002	2003	2004
			Thousand Dollars		
Value of crop production	3,586,365	3,180,714	4,355,232	4,346,093	5,091,677
Food grains	244,095	252,214	273,598	280,747	342,428
Feed crops	1,259,443	1,157,851	1,699,756	1,729,696	1,923,368
Oil crops	1,263,223	1,095,993	1,461,017	1,785,264	1,672,399
Fruits and tree nuts	10,804	13,565	13,299	15,155	14,727
Vegetables	210,629	239,269	250,016	257,519	252,340
All other crops	502,938	512,994	540,857	657,906	655,333
Home consumption	10,727	10,046	9,523	6,190	3,147
Value of inventory adjustment 2/	84,506	(101,217)	107,166	(387,384)	227,934
Value of livestock production	3,912,711	4,300,453	3,615,553	4,074,296	4,941,813
Meat animals	2,117,684	2,357,601	1,913,037	2,269,255	2,727,113
Dairy products	1,126,560	1,297,343	1,011,318	1,044,224	1,336,334
Poultry and eggs	595,521	628,775	642,895	705,437	811,793
Miscellaneous livestock	43,349	52,762	60,004	60,788	59,076
Home consumption	4,397	3,696	3,654	4,711	7,053
Value of inventory adjustment	25,200	(39,724)	(15,355)	(10,119)	444
Revenues from services and forestry	849,959	1,037,888	817,214	997,401	1,109,763
Machine hire and customwork	60,922	112,940	68,165	106,810	130,695
Forest products sold	7,100	6,610	6,610	6,610	6,610
Other farm income	340,057	452,789	248,816	330,232	391,991
Gross imputed rental value of farm dwellings	441,880	465,549	493,623	553,749	580,467
Value of agricultural sector production 1/	8,349,035	8,519,056	8,787,999	9,417,790	11,143,253
Purchased inputs	5,443,980	5,743,642	5,471,082	5,620,822	6,109,383
Farm origin	2,094,458	2,215,000	2,085,075	2,334,200	2,506,160
Feed purchased	1,163,002	1,217,769	1,103,459	1,300,000	1,380,000
Livestock and poultry purchased	406,984	431,011	373,396	434,200	466,160
Seed purchased	524,472	566,220	608,220	600,000	660,000
Manufactured inputs	1,413,847	1,396,734	1,392,736	1,446,291	1,679,937
Fertilizers and lime	481,923	483,384	467,812	550,000	640,000
Pesticides	473,829	438,304	435,545	440,000	430,000
Petroleum fuel and oils	343,942	350,599	334,466	312,717	452,650
Electricity	114,153	124,447	154,913	143,574	157,287
Other purchased inputs	1,935,675	2,131,908	1,993,271	1,840,331	1,923,286
Repair and maintenance of capital items	463,842	626,560	493,718	532,714	662,534
Machine hire and customwork	181,406	292,564	181,690	131,410	120,755
Marketing, storage, and transportation expenses	271,840	208,211	273,907	250,022	185,796
Contract labor	13,525	21,782	16,760	15,854	20,306
Miscellaneous expenses	1,005,062	982,791	1,027,196	910,331	933,895
Net government transactions	1,113,573	854,739	122,634	507,750	411,709
Direct government payments	1,502,230	1,242,141	476,745	789,468	704,496
Motor vehicle registration and licensing fees	15,635	18,093	15,742	21,718	22,787
Property taxes	373,022	369,309	338,369	260,000	270,000
Gross value added	4,018,628	3,630,153	3,439,551	4,304,718	5,445,579
Capital consumption	963,085	980,398	1,002,250	1,024,436	1,088,568
Net value added	3,055,543	2,649,755	2,437,301	3,280,282	4,357,011
Payments to stakeholders	1,729,492	1,714,939	1,727,229	1,588,756	1,711,706
Employee compensation (total hired labor)	527,850	529,774	561,047	484,146	539,694
Net rent received by nonoperator landlords	437,261	480,641	500,766	464,580	510,868
Real estate and nonreal estate interest	764,381	704,524	665,416	640,030	661,144
Net farm income	1,326,051	934,816	710,072	1,691,526	2,645,305

1/ Value of agricultural sector production is the gross value of the commodities and services produced within a year. Net value-added is the sector's contribution to the National economy and is the sum of the income from production earned by all factors-of-production, regardless of ownership. Net farm income is the farm operators' share of income from the sector's production activities. The concept presented is consistent with that employed by the Organization for Economic Cooperation and Development.

2/ A positive value of inventory change represents current-year production not sold by December 31. A negative value is an offset to production from prior years included in current-year sales.

CASH RECEIPTS FROM FARM MARKETINGS: Minnesota, 2002-2004 1/

Commodity	2002		2003		2004	
	Dollars	Percent of Total	Dollars	Percent of Total	Dollars	Percent of Total
Thousand Dollars						
CROPS						
Feed Crops						
Corn	1,608,371	20.4	1,620,547	18.4	1,827,809	18.7
Oats	9,449	0.1	8,229	0.1	7,484	0.1
Barley	7,989	0.1	24,834	0.3	19,887	0.2
Hay	73,947	0.9	76,086	0.9	68,188	0.7
Food Grains						
Wheat	272,931	3.5	279,743	3.2	341,037	3.5
Rye	*		*		*	
Oil Crops						
Soybeans	1,444,045	18.4	1,764,489	20.0	1,648,271	16.8
Sunflowers	10,632	0.1	12,071	0.1	15,990	0.2
Vegetable Crops						
Potatoes	109,522	1.4	95,358	1.1	101,250	1.0
Sweet Corn (processed)	57,159	0.7	60,563	0.7	64,887	0.7
Green Peas (processed)	31,362	0.4	45,524	0.5	29,106	0.3
Other Crops						
Sugarbeets	336,452	4.3	443,414	5.0	443,414	4.5
Dry Beans	35,307	0.4	39,758	0.5	43,184	0.4
Apples	6,999	0.1	8,855	0.1	8,427	0.1
Floriculture	80,842	1.0	89,737	1.0	86,738	0.9
Other Crops, Fruits, & Vegetables 2/	153,536	2.0	158,080	1.8	154,924	1.6
Total Crops	4,238,543	53.9	4,727,288	53.7	4,860,596	49.6
LIVESTOCK AND PRODUCTS						
Meat Animals						
Cattle & Calves	841,716	10.7	989,430	11.2	989,285	10.1
Hogs	1,059,829	13.5	1,266,668	14.4	1,724,512	17.6
Sheep & Lambs	11,492	0.1	13,157	0.1	13,316	1.4
Dairy Products	1,011,318	12.9	1,044,224	11.9	1,336,334	13.6
Poultry & Eggs						
Turkeys	413,424	5.3	425,250	4.8	515,592	5.3
Broilers	68,940	0.9	77,690	0.9	101,860	1.0
Chicken Eggs	106,216	1.4	149,381	1.7	142,349	1.5
Other Livestock Products						
Honey	12,555	0.2	14,342	0.2	10,530	0.1
Miscellaneous Livestock & Products 3/	101,764	1.3	99,562	1.1	100,538	1.0
Total Livestock	3,627,254	46.1	4,079,704	46.3	4,934,316	50.4
TOTAL ALL CROPS AND LIVESTOCK	7,865,797	100.0	8,806,991	100.0	9,794,912	100.0

1/ USDA estimates and publishes individual cash receipt values only for major commodities and major producing States.

2/ Includes flaxseed, other oil crops, Kentucky bluegrass, red clover, timothy and other seeds; asparagus, green lima beans, snap beans, cabbage, onions, carrots, cucumbers, miscellaneous vegetables, mushrooms, other fruits, and other field crops.

3/ Wool, mink, goats, ducks, geese, beeswax, turkey eggs, farm chickens, and other livestock and poultry.

*Less than 0.1 percent

Note: Percentages may not add to totals because of rounding.

Source: Economic Research Service, United States Department of Agriculture, Washington, D.C.

FARM BALANCE SHEET: MINNESOTA, 1999-2003

Item	1999	2000	2001	2002	2003
<u>Thousand Dollars</u>					
Total Farm Assets	44,530.9	46,957.6	48,587.1	51,633.5	56,585.1
Real Estate	31,489.7	33,457.8	35,547.2	37,998.8	42,596.6
Livestock and Poultry 1/	2,438.3	2,485.8	2,602.2	2,436.7	2,562.2
Machinery and Motor Vehicles 2/	4,854.2	4,853.6	5,036.4	5,087.4	5,215.8
Crops 3/	2,094.1	2,388.0	1,701.6	2,195.5	2,191.1
Purchased Inputs 4/	327.9	398.7	343.1	458.7	458.3
Financial	3,326.7	3,373.7	3,356.7	3,456.5	3,561.1
Total Farm Debt 5/	8,629.4	8,968.5	9,385.8	9,753.8	9,982.3
Real Estate	4,298.5	4,392.5	4,633.0	4,991.4	5,222.7
By Lender					
Farm Credit System	1,409.2	1,427.0	1,579.1	1,817.5	1,927.0
Farm Services Agency 6/	140.0	134.5	132.3	125.7	112.6
Commercial Banks	1,376.8	1,485.6	1,551.7	1,650.5	1,753.6
Life Insurance Companies	268.8	252.9	256.4	261.3	265.4
Individuals and others	1,103.7	1,092.5	1,113.5	1,136.5	1,164.2
Nonreal Estate	4,330.9	4,576.0	4,752.9	4,762.4	4,759.6
By Lender					
Farm Credit System	984.6	967.2	1,114.6	1,143.9	1,164.9
Farm Service Agency 6/	185.8	190.4	188.2	180.2	172.7
Commercial Banks	2,323.3	2,520.0	2,529.7	2,491.4	2,446.1
Individuals and others	837.2	898.3	920.4	946.9	975.9
Total Farm Equity	35,901.4	37,989.1	39,201.3	41,879.7	46,602.8
<u>Percent</u>					
Debt/Equity Ratio	24.0	23.6	23.9	23.3	21.4
Debt/Assets Ratio	19.4	19.1	19.3	18.9	17.6

1/ The U.S. total exceeds the sum of the states because NASS does not release state data for some minor producing states due to disclosure issues. Horses, mules, and broilers are not included.

2/ Includes only farm share value for trucks and autos.

3/ All non-CCC crops held on farms plus the value above loan rate for crops held under CCC..

4/ Data for the value of purchased inputs are unavailable before 1984.

5/ Excludes debt for nonfarm purposes.

6/ Farmers' Home Administration prior to 1994.

SOURCE: ECONOMIC RESEARCH SERVICE, UNITED STATES DEPARTMENT OF AGRICULTURE, WASHINGTON, D.C.

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